



1999 SMALL BUSINESS PROFILE: UNITED STATES

By any measure, small businesses are critical to the economic well-being of the United States. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 the United States had 5,744,900 businesses with employees, of which approximately 99.7 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 2.6 percent from 5,601,200 in 1997. There were also 10,303,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of U.S. businesses at 16,047,900. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics).

Women-Owned Businesses. There were 3,800,000 self-employed women in 1998, representing 37.1 percent of total self-employment nationwide. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 1,965,600 minority-owned businesses in 1992, including 620,900 Black-owned businesses; 771,700 Hispanic-owned firms; and 606,400 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group). Of these businesses, 311,700 had employees, with employment totaling 1,872,900. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 628,900 new employer firms were formed, 0.1 percent more than the number formed in 1997. There were 524,500 business terminations in 1998, a 1.5 percent increase from 1997. Business bankruptcies totaled 44,200 in 1998, a 17.9 percent decrease from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 53,174,500 employees, or 52.0 percent of the total 102,187,300 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: construction, agricultural services, and wholesale trade (See Table 1). Small businesses added a net total of 1,459,500 employees between 1995 and 1996, accounting for 78.2 of the total private non-farm employment growth in the United States (see Table 2). The industries with the greatest percentage increase in employment among small businesses were: hotels and other lodging places; engineering and management services; and transportation by air (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S.)

Recent figures show that small firm job growth in the United States has continued. According to data prepared for the

SBA's Office of Advocacy by Cognetics, Inc., non-farm businesses added 11,128,000 net new jobs nationwide between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because firms may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$548.5 billion in 1998, an increase of 6.3 percent from \$515.8 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 8,966 banks in the nation that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (ACE-Net). For more information visit www.ace-net.org.

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Total</i>	<i>Firm Size by Number of Employees</i>		<i>< 500 as Percent of Industry Total</i>
		<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	102,187.3	19,881.5	53,174.5	52.0
Agricultural services	664.4	374.8	586.9	88.3
Mining	574.3	73.1	237.4	41.3
Construction	5,207.5	2,265.0	4,659.5	89.5
Manufacturing	18,558.5	1,362.4	7,143.1	38.5
Transportation, communications, and utilities	6,057.3	748.8	2,182.0	36.0
Wholesale trade	6,664.9	1,636.9	4,394.6	65.9
Retail trade	21,487.3	4,422.1	11,010.5	51.2
Finance, insurance, and real estate	7,185.3	1,303.8	3,067.5	42.7
Services	35,747.9	7,660.7	19,853.0	55.5
Unclassified	40.0	34.0	40.0	100.0

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Total</i>	<i>Firm Size</i>	
		<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	5,908.3	1,858.6	3,429.0
Expanding establishments	10,284.8	3,108.0	6,351.7
Losses:			
Downsized establishments	(9,330.6)	(1,944.3)	(5,149.5)
Closed establishments	<u>(4,995.2)</u>	<u>(1,586.9)</u>	<u>(3,171.7)</u>
Net change in employment	1,867.2	1,435.5	1,459.5

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		53,174.5	522.0	1.0
Holding and other investment offices	6700	163.3	26.5	16.2
Nondepository institutions	6100	182.8	23.0	12.6
Security and commodity brokers	6200	169.1	17.9	10.6
Petroleum refining	2900	25.0	2.2	8.9
Services not elsewhere classified	8900	77.9	5.2	6.7

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.